

Message Text

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44

ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DODE-00 PA-04 USIA-15 PRS-01 DRC-01

NSCE-00 SAJ-01 /159 W

----- 083284

R 100935Z DEC 73

FM USLO PEKING

TO AMEMBASSY TOKYO

INFO SECSTATE WASHDC 1122

AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1589

E.O. 11652: GDS

TAGS: EFIN, CH

SUBJECT: FOREIGN CURRENCY DEPOSITS IN THE BANK OF CHINA

REF: A) TOKYO A-900; B) HONG KONG 12213

1. IN CONVERSATION WITH USLO OFFICER, JAPANESE EMBASSY FIRST SECRETARY INOUE AND SECOND SECRETARY IKEDA SAID THEY HAD NO INFORMATION TO SUBSTANTIATE THE PRESS REPORT IN REF A. THEIR UNDERSTANDING IS THAT WHILE DISCUSSIONS ON THE SUBJECT OF DEPOSITS IN THE BANK OF CHINA ARE CONTINUING, THERE HAS BEEN NO AGREEMENT ON INTEREST RATES OR PERIODS OF DEPOSITS. INITIALLY THEY SAID THE CHINESE WERE WILLING TO GIVE ONLY THE SAME TERMS THEY ACCORD TO OVERSEAS CHINESE: 6.75 PERCENT FOR THREE-YEAR DEPOSITS.

2. INOU*E ALSO SAID THAT THE QUESTION OF FOREIGN CURRENCY DEPOSITS IN THE BOC HAD BEEN RAISED WITH CHOU EN-LAI IN SEPTEMBER BY UEMURA, CHAIRMAN OF THE JAPANESE ECONOMIC CONFIDENTIAL

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FEDERATION, AND BY NAKAYAMA OF THE KOGYO BANK. CHOU

REPORTEDLY SAID THAT CHINA ACCEPTS THE CONCEPT IN PRINCIPLE, AND INDICATED THAT SUCH DEPOSITS WOULD NOT BE REGARDED AS LOANS. THIS WAS APPARENTLY RATIONALIZED, INOUYE SAID, ON GROUNDS THAT THE BOC WOULD RECIPROCALLY BE ABLE TO MAKE DEPOSITS IN JAPANESE BANKS. THIS IS THE FIRST REPORT USLO HAS HAD TO THE EFFECT THAT CHOU HAD GIVEN THE IDEA HIS PERSONAL STAMP OF APPROVAL.
BRUCE

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NNN

Message Attributes

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